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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 10/01/2018 AND ENDING 09/30/2019  
MM/DD/YY MM/DD/YY

OMB APPROVAL	
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SEC FILE NUMBER
<del>8-22190</del>

8-21190

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: SHEARMAN, RALSTON, INC.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

333 GREENWICH AVENUE

(No. and Street)

GREENWICH

CT

06830

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

DOUGLAS RALSTON

(203) 489-3902

(Area Code - Telephone Number)

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FIRM I.D. NO.

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

HOROWITZ &amp; ULLMANN, P.C.

(Name - if individual, state last, first, middle name)

232 MADISON AVE, STE 1200 NEW YORK

(Address)

(City)

NY

SEC

10016

(State) Mail Processing

Section

NOV 29 2019

Washington DC

406

CHECK ONE:



Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

NOV 29 2019

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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (11-05)

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## OATH OR AFFIRMATION

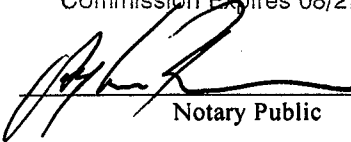
I, DOUGLAS RALSTON, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of SHEARMAN, RALSTON, INC., as of SEPTEMBER 30, 20 19, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

AYLEEN ROBERSON  
Notary Public, State of New York  
No. 01RO6173331  
Qualified in Bronx County  
Commission Expires 08/27/2023

  
Notary Public



Signature



Title

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☒ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

# **SHEARMAN, RALSTON INC.**

## **TABLE OF CONTENTS**

	<b>Page No.</b>
Report of Independent Registered Public Accounting Firm	1-2
Statement of Financial Condition	3
Statement of Income	4
Statement of Changes in Shareholders' Equity	5
Statement of Cash Flows	6
Notes to Financial Statements	7-10
Computation of Net Capital Under SEC Rule 15c3-1 (Schedule 1)	11
Reconciliation of Net Capital Pursuant to SEC Rule 17a-5(d)(4) (Schedule 2)	12
Computation for Determination of Reserve Requirements Under Rule 15c3-3 (Schedule 3)	13
Information Relating to the Possession or Control Requirements Under Rule 15c3-3 (Schedule 4)	14
Report of Independent Registered Public Accounting Firm for Exemption Report Review under Rule 15c3-3	15
Exemption Report Pursuant to Rule 15c3-3	16
Report of Independent Registered Public Accounting Firm on Applying Agreed Upon Procedures	17
Supplemental Report - SIPC Schedule of Assessment and Payments	18

**HOROWITZ & ULLMANN, P.C.**  
Certified Public Accountants

A member of the  
AICPA Center for Audit Quality  
New York State Society of CPAs  
PCAOB registered

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors and Shareholders  
of Shearman, Ralston Inc.

*Opinion on the Financial Statements*

We have audited the accompanying statement of financial condition of Shearman, Ralston, Inc. ("the Company") as of September 30, 2019, the related statements of income, changes in shareholders' equity and cash flows for the year then ended, and the related notes and schedules (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2019, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Basis for Opinion*

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

*Auditor's Report on Supplemental Information*

The information in Schedules number "1" through "3" has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental information is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the

underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. §240.17a-5. In our opinion, the information in Schedules number "1" through "3" is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Horowitz & Ullmann P.C.*

We have served as the Company's auditor since 2004.

New York, NY  
November 26, 2019

**SHEARMAN, RALSTON INC.**  
**STATEMENT OF FINANCIAL CONDITION**  
**SEPTEMBER 30, 2019**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 109,252
Marketable securities	6,911,189
Commission receivable from clearing broker	<u>45,585</u>

Total current assets 7,066,026

**OTHER ASSETS**

Note receivable-stockholder	675,000
Note receivable-employee	<u>110,000</u>

Total other assets 785,000

**TOTAL ASSETS** **\$7,851,026**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

**LIABILITIES**

**Current Liabilities**

Accounts payable and accrued liabilities \$ 11,900

**Other Liabilities**

Deferred taxes payable 1,270,759

**TOTAL LIABILITIES** **1,282,659**

**SHAREHOLDERS' EQUITY**

**Capital Stock**

Common, Class "A", \$1.00 par value, authorized 10,000 shares;  
issued 2,500 shares, outstanding 1,250 shares 2,500

Common, Class "B", \$1.00 par value, authorized 10,000 shares;  
issued 225 shares, outstanding 112.50 shares 225

Additional paid-in capital 32,151

Treasury stock, at cost (1,250 shares of Class "A" common stock and  
112.50 shares of Class "B" common stock) (328,485)

Retained earnings 6,861,976

**TOTAL SHAREHOLDERS' EQUITY** **6,568,367**

**TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** **\$7,851,026**

See independent auditor's report and accompanying notes to financial statements.

**SHEARMAN, RALSTON INC.**  
**STATEMENT OF INCOME**  
**YEAR ENDED SEPTEMBER 30, 2019**

**REVENUES**

Dividend and interest income	\$ 455,260
Customer commissions	419,655
Unrealized gain on securities	253,640
Clearance rebate income	93,767
Realized gain on securities	8,262
Other income	<u>16,060</u>

Total revenues 1,246,644

**EXPENSES**

Employee compensation	590,991
Travel and entertainment	103,142
Insurance	68,251
Clearance charges	57,762
Payroll taxes	40,025
Professional and registration fees	24,660
Rent	20,533
Telephone	16,366
Tickers and quotation service	15,254
Office expense	15,204
Consultant	12,987
Miscellaneous	<u>2,756</u>

Total expenses 967,931

**NET INCOME BEFORE PROVISION FOR INCOME TAX** 278,713

**PROVISION FOR INCOME TAX** (70,749)

**NET INCOME** \$ 207,964

See independent auditor's report and accompanying notes to financial statements.

**SHEARMAN, RALSTON INC.**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**YEAR ENDED SEPTEMBER 30, 2019**

	Common Stock Class "A"	Class "B"	Paid-in Capital	Treasury Stock	Retained Earnings	Total
Balances October 1, 2018	\$2,500	\$225	\$32,151	\$(328,485)	\$6,654,012	\$6,360,403
Net Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,964</u>	<u>207,964</u>
Balances September 30, 2019	<u>\$2,500</u>	<u>\$225</u>	<u>\$32,151</u>	<u>\$(328,485)</u>	<u>\$6,861,976</u>	<u>\$6,568,367</u>

See independent auditor's report and accompanying notes to financial statements.



**SHEARMAN, RALSTON INC.  
STATEMENT OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Income	\$ <u>207,964</u>
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Adjustments to reconcile net income to net  
cash provided by operating activities:

Unrealized gain on investment securities	(253,640)
Realized gain on sale of investment securities	(8,262)
Deferred income tax	69,464
Proceeds from sales of securities	62,276
Purchases of securities	(46,388)

Changes in assets and liabilities:

Increase in commission receivable	<u>16,531</u>
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Total adjustments	<u>(160,019)</u>
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<b>NET INCREASE IN CASH</b>	47,945
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CASH - October 1, 2018	<u>61,307</u>
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CASH - September 30, 2019	<u>\$ 109,252</u>
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**SUPPLEMENTAL CASH FLOW INFORMATION**

Income taxes paid	<u>\$ 1,285</u>
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See independent auditor's report and accompanying notes to financial statements.

**SHEARMAN, RALSTON INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**1. ORGANIZATION AND NATURE OF BUSINESS**

Shearman, Ralston Inc. is a broker-dealer incorporated in New York, and is registered with the Securities and Exchange Commission (SEC) and a member of the Financial Industry Regulatory Authority (FINRA). Its primary source of revenue is derived from providing brokerage services to customers located mainly in the New York metropolitan area, who are predominately upper-income and middle-income individuals.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Revenue Recognition:**

Customers' securities transactions are reported on a settlement-date basis with the related commission income and clearing expenses reported on a trade-date basis as securities transactions occur. All such transactions are cleared through another broker-dealer on a fully disclosed basis.

**Securities Transactions:**

Profit and loss arising from all securities transactions entered into for the account and risk of the Company are recorded on a trade-date basis. The Company uses the specific identification method for determining the cost basis in computing realized gains and losses.

Marketable securities are valued at market value based on the closing sales prices as listed on a securities exchange on the last business day of each month. The resulting difference between cost and market is included in income as unrealized gain or loss. Investment securities, not readily marketable, are recorded at cost.

**Collateral:**

The Company maintains a proprietary margin account with the broker-dealer that holds the Company's marketable securities. The securities serve as collateral for the margin account balance. The margin account balance is included in accounts payable and accrued liabilities in the Statement of Financial Condition. There was no open margin account balance at September 30, 2019.

**Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**Subsequent Events:**

The Company has evaluated subsequent events through November 26, 2019, the date that the financial statements were available to be issued.

**SHEARMAN, RALSTON INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**3. FAIR VALUE MEASUREMENTS**

The Company adopted The Fair Value Measurements Topic of the FASB Accounting Standards Codification which defines fair value as the price that the Company would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market for the investment. The Fair Value Measurements Topic established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the information that market participants would use in pricing the asset or liability, including assumptions about risk, and are classified as observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the factors market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

Level 1 – quoted prices in active markets for identical investments

Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments)

The Company's investment in marketable securities consists entirely of Level 1 securities utilizing valuation techniques consisting exclusively of quoted market prices.

**4. NET CAPITAL REQUIREMENTS**

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions, of \$100,000 or one-fifteenth of aggregate indebtedness as defined, if larger. Net capital and aggregate indebtedness fluctuate from day to day but, at September 30, 2019, the Company's net capital exceeds such capital requirements by \$4,567,935 and the ratio of aggregate indebtedness (\$11,900) to net capital \$4,667,935 is .0025 to 1.

**SHEARMAN, RALSTON INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**5. INCOME TAXES**

The Company computes its tax in accordance with the requirements of the Income Tax Topic of the FASB's ASC.

The provision for income taxes includes the following at September 30, 2019:

	<b>Current</b>	<b>Deferred</b>	<b>Total</b>
Federal income tax expense	\$ 0	\$ 49,798	\$ 49,798
State and local tax expense	<u>1,285</u>	<u>19,666</u>	<u>20,951</u>
	<u>\$ 1,285</u>	<u>\$ 69,464</u>	<u>\$ 70,749</u>

A reconciliation of the difference between the expected income tax expense computed at the U.S. statutory income tax rate and the Company's income tax expense is summarized as follows:

Expected income tax expense at U.S. statutory tax rate	\$ 58,530
Increase/(decrease) in tax expense from:	
Dividends received deduction	(17,001)
State and local income tax expense, net of federal income tax benefit	16,551
Other	<u>12,669</u>
Income tax expense	<u>\$ 70,749</u>

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities. The tax effect of the temporary differences giving rise to the Company's deferred tax liability is as follows:

Unrealized gains on marketable securities	\$1,508,803
Net operating loss	<u>(238,044)</u>
Total deferred tax liability	<u>\$1,270,759</u>

The Company has a net operating loss carryforward of \$991,506 which expires in various tax years through September 30, 2039.

The Company's federal income tax returns and state and city tax returns for fiscal years 2015 through 2018 are subject to examination by the tax authorities, generally for three years after they were filed with the tax authorities. The Company believes that, as of September 30, 2019, there were no material uncertain tax positions that would require disclosure under GAAP.

**SHEARMAN, RALSTON INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**6. NOTES RECEIVABLE-STOCKHOLDER AND EMPLOYEE**

The notes bear interest at a variable rate (the rebate rate paid by the clearing firm on uninvested cash) and require quarterly interest payments, all of which were paid, and total \$12,756 for the year ended September 30, 2019. The entire principal amount of the stockholder note is due and payable on the maturity date, which is March 1, 2026. The note is secured by the residence of the stockholder. The entire principle amount of the employee note is due December 1, 2020.

**7. CONCENTRATIONS OF CREDIT RISK**

The Company engages in various trading and brokerage activities in which counterparties primarily include other broker-dealers and banks. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

**8. OPERATING LEASE OBLIGATION**

The Company conducts its operations from premises leased under a month to month operating lease. Rent expense is \$20,533 for the year ended September 30, 2019, which includes utilities and real estate taxes.

**SHEARMAN, RALSTON INC.**  
**COMPUTATION OF NET CAPITAL UNDER SEC RULE 15c3-1**  
**SEPTEMBER 30, 2019**

<b>SHAREHOLDERS' EQUITY, PER STATEMENT OF FINANCIAL CONDITION</b>	\$ 6,568,367
Less: Nonallowable assets:	
Notes receivable-stockholder and employee	<u>785,000</u>
<b>TENTATIVE NET CAPITAL</b>	5,783,367
Capital charge on investment securities	1,036,678
Capital charge on undue concentration	<u>78,754</u>
<b>NET CAPITAL</b>	4,667,935
Less: Minimum net capital required to be maintained (\$100,000 or 1/15 <sup>th</sup> of aggregate indebtedness, whichever is greater)	<u>100,000</u>
<b>EXCESS NET CAPITAL</b>	<u>\$ 4,567,935</u>
 <b>AGGREGATE INDEBTEDNESS</b>	
Accounts payable and accrued liabilities	<u>\$ 11,900</u>
 <b>1/15<sup>TH</sup> OF AGGREGATE INDEBTEDNESS</b>	 <u>\$ 793</u>
 <b>RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL</b>	 <u>.0025 to 1</u>

See independent auditor's report and accompanying notes to financial statements.

**SHEARMAN, RALSTON INC.  
RECONCILIATION OF NET CAPITAL  
PURSUANT TO SEC RULE 17a-5 (d)(4)  
SEPTEMBER 30, 2019**

Net Capital, per Form X-17a-5 as of September 30, 2019, unaudited	\$4,667,935
Add: Audit adjustments	<u>-</u>
Net Capital per Accompanying Computation of Net Capital Under SEC Rule 15c3-1	<u>\$4,667,935</u>

See independent auditor's report and accompanying notes to financial statements.

**SHEARMAN, RALSTON INC.  
COMPUTATION FOR DETERMINATION OF  
RESERVE REQUIREMENTS UNDER RULE 15c3-3  
SEPTEMBER 30, 2019**

The Company was exempt from the provisions of Rule 15c3-3 pursuant to Section (k)(2)(ii) under the Securities and Exchange Act of 1934 for the year ended September 30, 2019.



**SHEARMAN, RALSTON INC.  
INFORMATION RELATING TO THE  
POSSESSION OR CONTROL REQUIREMENTS UNDER RULE 15c3-3  
SEPTEMBER 30, 2019**

The Company was exempt from the provisions of Rule 15c3-3 pursuant to Section (k)(2)(ii) under the Securities and Exchange Act of 1934 for the year ended September 30, 2019.

**HOROWITZ & ULLMANN, P.C.**  
Certified Public Accountants

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors and Shareholders  
of Shearman, Ralston Inc.

We have reviewed management's statements, included in the accompanying Exemption Report, in which (1) Shearman, Ralston Inc. (the "Company") identified the following provisions of 17 C.F.R. §15c3-3(k) under which Shearman, Ralston Inc. claimed an exemption from 17 C.F.R. §240.15c3-3:(k)(2)(ii) (the "exemptive provision") and (2) the Company stated that Shearman, Ralston Inc. met the identified exemption provision throughout the most recent fiscal year without exception. Shearman, Ralston Inc.'s management is responsible for compliance with the exemption provision and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about the Company's compliance with the exemption provision. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Horowitz & Ullmann, P.C.*

New York, NY  
November 26, 2019

**SHEARMAN, RALSTON INC.**  
**EXEMPTION REPORT PURSUANT TO RULE 15C3-3**  
**YEAR ENDED SEPTEMBER 30, 2019**

Shearman, Ralston Inc. (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This exemption report was prepared as required by 17 C.F.R. §240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

(1) The Company claimed an exemption from 17 C.F.R. § 240.15c3-3 under the following provision of 17 C.F.R. § 240.15c3-3(k)(2)(ii).

(2) The Company met the identified exemption provisions in 17 C.F.R. § 240.15c3-3(k) throughout the most recent fiscal year ended September 30, 2019 without exception.

**Shearman, Ralston Inc.**

I, Douglas Ralston affirm that, to my best knowledge and belief, this Exemption Report is true and correct.

By:  \_\_\_\_\_

Title: President  
November 26, 2019

**HOROWITZ & ULLMANN, P.C.**  
Certified Public Accountants

A member of the  
AICPA Center for Audit Quality  
New York State Society of CPAs  
PCAOB registered

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E-mail: cpas@horowitz-ullmann.com

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
ON APPLYING AGREED UPON PROCEDURES**

To the Board of Directors and Shareholders  
of Shearman, Ralston Inc.

We have performed the procedures included in Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and in the Securities Investor Protection Corporation (SIPC) Series 600 Rules, which are enumerated below, and were agreed to by Shearman, Ralston Inc. (the "Company") and the SIPC, solely to assist you and the SIPC in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7) for the year ended September 30, 2019. Management of the Company is responsible for its Form SIPC-7 and for its compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

- 1) Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries noting no differences;
- 2) Compared the total revenue amounts reported on the annual audited report Form X-17A-5 Part III for the year ended September 30, 2019, with the total revenue amounts reported in Form SIPC-7 for the year ended September 30, 2019 noting no differences;
- 3) Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers noting no differences;
- 4) Recalculated the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences; and
- 5) Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed noting no differences.

We were not engaged to, and did not conduct an examination or a review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Company's compliance with the applicable instructions of the Form SIPC-7 for the year ended September 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Company and the SIPC and is not intended to be and should not be used by anyone other than these specified parties.

*Horowitz & Ullmann, P.C.*

New York, NY  
November 26, 2019

**SHEARMAN, RALSTON INC.**  
**SUPPLEMENTAL REPORT – SIPC SCHEDULE OF**  
**ASSESSMENT AND PAYMENTS**  
**FOR THE YEAR ENDED**  
**SEPTEMBER 30, 2019**

Total revenue	<u>\$ 1,246,644</u>
---------------	---------------------

Deductions:

Commissions, floor brokerage and clearance paid to other brokers and dealers in connection with securities transactions	57,762
Realized and unrealized gains on securities	261,902
40% of margin interest on customer accounts	37,507
Other revenue not related to securities	<u>12,756</u>

Total deductions	<u>369,927</u>
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Total revenue, subject to assessment	<u><u>876,717</u></u>
--------------------------------------	-----------------------

Computation of assessment:

Assessment for the year ended September 30, 2019	1,315
--	-------

Less: Payments	
April 2019	<u>654</u>

Balance Due	<u><u>\$ 661</u></u>
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